TORONTO POLICE
Widows & Orphans Fund
First to respond *since 1952*

Board of Directors Annual General Meeting

April 10, 2024
6:05 p.m. – 6:46p.m.
Via: WebEx Video Conferencing

Minutes

In Attendance
Chuck Hamilton (Chair)
Jon Schmidt
David Lewis
Ian Williams
Paul Rinkoff
Jason Tomlinson
Madelaine O'Driscoll
Marc Madramootoo
Randy Carter
Chris Scherk
Daphne FitzGerald
Brandon Reeve (Past Chair)

Regrets

Guests
Olga Rhone
Andrew Taylor
Cailey Ross
Clayton Hurst
Fahreda Caissie
Jhoanna Harrison
Olga Rhone
Scott Gilbert
Steve Butt
Joe Bodego
Helena Briand
Liam Neilson (RSM Canada) (Left the meeting at 6:22 p.m.)

Staff
Sylvi Karr, President and CEO

Leslie Spaeth, Recording Secretary
Christine Kunanesam, Senior Accountant

1. **CALL MEETING TO ORDER**
There being sufficient Members required to form a quorum, the Chair, Chuck Hamilton called the meeting to order at 6:05 p.m. and proceedings were recorded.

2. **APPROVAL OF MINUTES OF THE 2023 ANNUAL GENERAL MEETING**
Motion to approve the Minutes of the 2023 Annual General Meeting held on April 5, 2023.

Moved by Paul Rinkoff
Seconded by Jon Schmidt
Motion Carried

3. **CHAIR REPORTS 2023**
   a. **Report of the Human Resources and Benefits Committee**
   Jon Schmidt presented the Human Resources and Benefits Committee Report. The report is attached to the annual report.

   b. **Report of the Audit Committee**
   David Lewis presented the Audit Committee Report. The report is attached to the annual report.

   c. **Report of the Risk Committee**
   Ian Williams presented the Risk Committee Report. The report is attached to the annual report.

   d. **Report of the Governance Committee and Board of Directors**
   Chuck Hamilton presented the 2023 Board and Governance Committee report. The report is attached to the annual report.

Motion to receive the reports of the Human Resources and Benefits Committee, Audit Committee, Risk Committee, Governance Committee and the Board of Directors.

Moved by Chris Scherk
Seconded by Madelaine O'Driscoll
Motion Carried

4. **INTRODUCTION OF EXTERNAL AUDITOR**
Chuck Hamilton introduced Liam Neilson to the TPWOF Members as an Audit Partner with RSM Canada.

5. **AUDITOR'S REPORT PREPARED BY RSM CANADA**
Liam Neilson presented the 2023 audited report which includes the Audit Findings Report, the Financial Statements and Notes.

In the auditor's opinion, the accompanying financial statement presents fairly, in all material aspects, the financial position of the Fund as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Motion to receive the TPWOF 2023 Auditor's Report.

Moved by Chris Scherk
Seconded by Madelaine O'Driscoll
Motion Carried

Motion to appoint RSM Canada as the Auditor for 2024 for the Toronto Police Widows and Orphans Fund.

Moved by Paul Rinkoff
Seconded by Jon Schmidt
Motion Carried

6. NEW BUSINESS

There was no new business.

7. ADJOURNMENT

Motion to adjourn at 6:46 p.m.

Moved by Randy Carter
Seconded by Jon Schmidt
Motion Carried

Chuck Hamilton, Chair

Leslie Spaeth, Recording Secretary

2024 Human Resources and Benefits Committee (HRBC) Annual Report

2024 HRBC Committee Members

Daphne FitzGerald, Chair & Board Member
Angelo Cristofaro, Non-Board Committee Member
Debbie Bland, Non-Board Committee Member
Madelaine O'Driscoll, Board Member
Jon Schmidt, Board Member
Chris Sherck, Board Member

Committee Work Plan

The Committee reviewed its work plan at the start of each meeting to ensure that all assigned responsibilities, as outlined in the Committee's Terms of Reference, were attended to at the appropriate meeting, and that any new responsibilities added were carried out following the Plan's timetable.

Membership & Member Benefits

The Member Penetration Rate as of Q4 was 67%. Risks were reviewed and no changes were recommended to the Risk Register. The CEO advised that there were four outstanding Insurance claims in 2024 due to awaiting information to locate survivors. Reports were received on Membership growth and activity for the year, as well as a summary of unpaid Death Benefits. Year-end tally of the new of membership applications in 2024 were 264, of which 222 were new hires and 42 were late hires; 148% and 105% of target, respectively. Presentations to new classes resulted in a penetration rate of 67%. No memberships were declined in 2024.

New Technology Enhancements

Over the course of the term, the Committee discussed the ongoing preparation for, and implementation of, the new Administration System, which has a target start date of July 1, 2025. A Benefits System Update report, provided by the project's Consultant and covering details of the status of each deliverable and actions taken, was also reviewed by the Committee.

Policies, Processes & Key Document Reviews

The Committee reviewed changes to the Director's Booklet; carried out its annual review of the Board/Committee evaluation processes; discussed Marketing and Communications enhancements; and considered possible future plan enhancements.

HR/Staff Matters

The Committee reviewed the introduction of the organization's new Culture Blueprint; reviewed and approved recommended changes to the Staff Handbook; regularly reviewed progress against Strategic and Business objectives; and reviewed staff benefits and compensation.

Committee Evaluations

In accordance with good governance practice, the annual evaluation of the HRBC was carried out with all six committee members participating. A summary of all feedback was prepared and discussed, with no major concerns noted.

It has been a privilege serving as the HRBC Chair and I would like to thank all HRBC Committee Members for their participation and support.

Thank you
Daphne FitzGerald
HRBC Chair

2024 Audit Committee Annual Report

2024 Audit Committee Members

- David Lewis (Chair)
- Chris Scherk
- Paul Rinkoff
- Jonathan Pinto
- Jhoanna Harrison
- Peter Grande

The following report highlights the key activities of the TPWOF Audit Committee for 2024.

Investments

The goal of the Board of Directors for management of the assets of the Fund is the achievement of an appropriate investment return, over the long term, to meet the Fund's policy obligations.

Overall, the ALM portfolio value at December 31, 2024 was $70.808 M and the Surplus portfolio was at $16.209 M, for a total value of $87.017 M, up from the Q3 value of $86.757 M.

ALM Portfolio Update

The ALM portfolio performance in Q4 was 0.28% versus the relative performance objective of 0.26%, for a difference of +0.02%. Year to date 2024, the Fund overperformed the objective by +0.09%.

The committee should be particularly aware of potential tariff impacts, as a 25% tariff increase could quickly influence the corporate environment. This, in turn, is expected to lead to a decline in short-term interest rates and increased inflationary pressures as the economy adjusts. The defensive positioning of the ALM portfolio is crucial in mitigating these challenges. The Surplus portfolio continues to perform as anticipated with a long-term approach to growth.

The ALM portfolio is allocated as follows:

- 70% PRisM Long Corporate Bond Trust
- 30% PRisM Long/Mid/Short Funds (20%/5%/5%)

The Contractual Service Margin portfolio is invested in a portfolio of Guaranteed Investment Certificates in order to reduce interest rate risk.

Surplus Portfolio Update

The Surplus portfolio underperformed the benchmark in Q4 by -0.86%, and year to date 2024 by -0.25%.

Overall, the portfolio maintained its medium level of risk over the quarter.

Compliance

For 2024, the Toronto Police Widows & Orphans Fund portfolio managed by PH&N Institutional was in compliance with:

1. all applicable Income Tax Act (Canada) and Ontario Insurance Act regulations; and
2. all guidelines/restrictions contained in the Toronto Police Widows & Orphans Fund Investment Policy.

Internal Audit

KPMG has been selected to perform Internal Audits for TPWOF. The committee approved the Internal Audit Charter and the Internal Audit plan proposed by KPMG. The plan spans three years starting 2025, and is risk-based. The plan is structured around key risks identified through the assessment of inherent risks. The audit universe covers 65 areas in total, with a risk profile categorized from high to low risk. KPMG's goal is to ensure that the audit coverage is appropriate and comprehensive.

OSFI Supervision

The Office of the Superintendent of Financial Institutions conducts supervisory work to assess the institution's safety and soundness, and its compliance with the Insurance Companies Act and other regulatory requirements. The supervisory work included a review of the institution's quarterly and annual regulatory filings and audited financial statements.

Operating Budget and Expenses

The Audit Committee reviewed the quarterly budget variance reports throughout 2024. The annual budget of the TPWOF was reviewed in detail and recommended to the TPWOF Board for approval. The Audit Committee remains satisfied that TPWOF is operating in a fiscally responsible and prudent manner.

External Audit

RSM Canada LLP completed the annual audit of the TPWOF for the year ended December 31st, 2024.

RSM Canada LLP has been retained by the TPWOF to provide external audit and tax services for 2025.

Conclusion

In conclusion, I would like to thank the members of the Audit Committee for their assistance and dedication in discharging their fiduciary responsibilities on behalf of the TPWOF membership. It is my sincere belief that the membership is well and truly served by this group of committed individuals.

Sincerely,

David Lewis, MBA, CFA, PhD
Chair, Audit Committee

2024 Risk Committee Report

Risk Committee Members

- Ian Williams (Chair)
- David Lewis
- Randy Carter
- Marc Madramootoo

In concert with Management and the Board, the Risk Committee provides oversight and guidance in all risk matters important to the ongoing operations of the Fund. The following report details the **2024 activities** of the Toronto Police Widows and Orphans Fund Risk Committee.

SCOPE OF THE RISK COMMITTEE'S WORK

The Risk Committee is tasked with oversight of the Board-approved policies related to enterprise risks, insurance coverage, outsourcing, pricing and claims management, capital management and adequacy, privacy, reinsurance and disaster recovery/business continuity in the event of a disruptive event. The Risk Committee reports its work, and makes recommendations, to the Board of Directors. It also works closely with other committees to ensure the financial soundness of the Fund. All committees now include a discussion on risks appropriate to their work and inform the Risk Committee of any new or emerging risks to be monitored.

POLICY REVIEW

Throughout the course of the past year, the Risk Committee reviewed, and recommended that the Board approve, all of the policies mentioned above that fall within the scope of the committee's work.

CAPITAL ADEQUACY

The Fund assesses the adequacy of its capital using the Life Insurance and Capital Adequacy Test (LICAT) framework as required by OSFI, the Fund's regulator. Under this framework, the adequacy of capital is expressed as the ratio of available capital to required capital (expressed as a percentage). The minimum requirement, as determined by OSFI, is to have a LICAT ratio of 100% (i.e., available capital equal to required capital).

The Fund has a Capital Policy that requires it to maintain capital in excess of these regulatory requirements. This additional target capital allows the Fund to maintain benefits through periods of volatility. The Fund's Capital Policy requires it to maintain a LICAT ratio in excess of 130%.

In Q4, 2024, the Fund's LICAT ratio was 260.1%. This ratio reflects the ongoing capital strength of the Fund. The Fund remains well capitalized to ensure the provision of future benefits.

FINANCIAL CONDITION TESTING

The Fund's Appointed Actuary conducted the annual Financial Condition Testing of the Fund. This report highlights plausible threats to the Fund's solvency and recommends mitigating actions to those threats. The report considers the past, present and future financial positions of TPWOF and the sensitivity of surplus to changes in various experience factors and management policies. The Actuary issued a satisfactory report on the future financial condition of the Fund.

BONUS RATE FOR DEATH BENEFITS

The Risk Committee reviews the financial position of the Fund – as measured by its capital strength - to assess what level of bonus benefits, if any, can be paid on death benefits provided by the Fund. This bonus rate is reviewed annually and set by the Board of Directors who consider a recommendation from the Risk Committee. The Risk Committee recommended that a bonus death benefit rate of 20% be approved for the 2024 calendar year.

CHIEF RISK OFFICER

The Risk Committee appointed Danielle Harrison as the Chief Risk Officer in 2024 to enhance our risk management framework. We are confident that her leadership will strengthen the Fund's ability to identify, assess, and mitigate risks across all areas of operations. The creation of this role reflects our commitment to ensuring effective oversight and fostering a risk-aware culture. We look forward to the continued improvement of our risk management practices and ensuring the Fund remains well-positioned to navigate potential challenges in the future.

I thank the members of the Risk Committee as well as all Committee's for their assistance and dedication to addressing risks to the Fund throughout the year. I also thank staff for their important role in supporting the Risk Committee's work and for their day-to-day operation of the Fund on behalf of its members.

Sincerely,

Ian Williams

Chair, Risk Committee

2024 New Membership Committee Annual Report

2024 New Membership Committee Members

- Randy Carter (Chair)
- Angelo Cristofaro
- Debbie Bland
- Jason Tomlinson

Role of the New Membership Committee

The objective of the NMC is to thoroughly evaluate and make recommendations on the feasibility and potential benefits of expanding membership in the Fund, a federally regulated fraternal benefit society.

Exploring the issue of expanding membership is a demanding and complex undertaking and as such the New Membership Committee (NMC), under the guidance of the Board of Directors, will examine the requirements, resources and impacts of expanding benefit and membership coverage with focused attention on Risk Assessment, Financial Analysis and Legal and Regulatory compliance.

The NMC will provide oversight of the Fund's new membership initiative related to opportunities and risks of expanding membership to members of other municipal police services, considering both insurance and non-insurance benefits. The Committee will recommend actions to the Board of Directors.

The NMC in collaboration with the CEO is responsible for Market Analysis, Stakeholder Engagement and Product Development.

I would like to thank the members of the New Membership Committee s on behalf of the TPWOF membership.

Sincerely,

Randy Carter
Chair, New Membership Committee

2024 Board of Directors and Governance Committee Report

TPWOF 2024 Board of Directors
Board Members
Chuck Hamilton (Chair)
Ian Williams (Risk Chair)
David Lewis (Audit Chair)
Daphne FitzGerald (HRBC Chair)
Randy Carter (New Membership Committee Chair)
Chris Scherk
Marc Madramootoo
Paul Rinkoff
Madelaine O'Driscoll
Jhoanna Harrison
Peter Grande (joined December 2024)
Jason Tomlinson (left Board December 2024)

Non-Board Committee Members
Debbie Bland
Angelo Cristofaro
Jonathan Pinto
Jason Tomlinson (as of December 2024)

TPWOF 2024 Governance Committee
Chuck Hamilton (Chair)
David Lewis (Audit Chair)
Daphne FitzGerald (HRBC Chair)
Ian Williams (Risk Chair)
Randy Carter (New Membership Committee)

2024 was a successful year for the Toronto Police Widows and Orphans Fund. All Member benefits were maintained for the year and will continue into 2025. As the committee Chairs have reported, the Fund had a successful financial result for the year and received a clean audit opinion from our external auditor, RSM Canada. Identified risks in the fund continue to be well managed.

I thank all members of the Human Resource and Benefits, Audit, and Risk committees for their efforts to ensure a strong and thriving Fund.

As part of our ongoing efforts to grow and strengthen the Fund, the Board created a new sub-committee called the New Membership Committee. This committee has been formed with the specific goal of exploring new avenues for membership.

I can report that the Board remains committed to the principles of good governance, risk oversight, and regulatory compliance to ensure the long-term sustainability of the Fund.

In the area of Governance, all policies receive an annual review by Management and changes are brought to the Board for approval. In 2024, we had a renewed focus on potential risks facing the Fund, and a risk discussion is now included in each Committee and Board meeting to address emerging risks. During 2024, significant work was undertaken in response to our regulator's Governance Thematic Review of companies like the Fund. Of particular note, Sylvi made significant progress in addressing potential Conflicts of Interest, creating an independent Chief Risk Officer position, and developing an independent audit function for operational controls. Our focus on Director education, and regulatory compliance puts the Fund in a strong position for the future.

All that the Fund has achieved in 2024 has come under the direction of Sylvi Karr, the President and CEO of the Fund. Sylvi developed and delivered on both the Strategic and Operational goals of the company.

Her presence in the Policing community – which included staff and Director involvement at new-hire classes, retirement events, golf days, TPAAA Athletic awards and other events - has attracted many new members to the fund. Additionally, her leadership in the marketing efforts to Members is increasing the engagement of Members overall.

I thank Sylvi, and her dedicated team, for their work on behalf of all Members of the Fund.

It's been an honour to serve Members this year, and I look forward to the years ahead.

Yours fraternally,

Chuck Hamilton
Chair of the Board
Toronto Police Widows & Orphan's Fund